
KIADIS PHARMA N.V.

RULES OF PROCEDURE FOR THE MANAGEMENT BOARD

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1. INTRODUCTION

- 1.1 The Management Board is entrusted with the management of Kiadis. The Management Board deems it useful that its tasks and responsibilities are further regulated by these Rules.
- 1.2 These Rules were adopted by the Management Board on 24 September 2015 and approved by the Supervisory Board on 24 September 2015 in accordance with article 14.2 of the Articles, and shall be posted on Kiadis' website.
- 1.3 These Rules are complementary to: (i) the provisions regarding management boards contained in Dutch law and regulations, including the principles of good governance and best practice provisions contained in the Dutch Corporate Governance Code, and (ii) the Articles.
- 1.4 The Management Board and each of its members shall observe and comply with these Rules and action shall be taken by the Management Board and each of the members of the Management Board to ensure that the Management Board shall observe and comply with the principles set out in the Rules.
- 1.5 In these Rules, the following expressions shall have the following respective meanings:

Articles mean the articles of association of Kiadis;

Chairman means the chairman of the Management Board;

General Meeting means Kiadis' general meeting of shareholders;

Group means Kiadis and any company belonging to the same group as Kiadis as referred to in Article 2:24b of the Dutch Civil Code (*Burgerlijk Wetboek*);

Kiadis means Kiadis Pharma N.V., a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands, whose corporate seat is at Amsterdam;

Management Board means the management board (*raad van bestuur*) of Kiadis;

Rules mean these rules of procedure governing the Management Board's internal affairs;

Supervisory Board means the supervisory board (*raad van commissarissen*) of Kiadis.

2. THE MANAGEMENT BOARD

2.1 Duties and responsibilities

- 2.1.1 The main duty of the Management Board is managing Kiadis, which means, among other things, that it is responsible for achieving Kiadis' aims, strategy, policy and results. The Management Board shall perform its activities under the supervision of the Supervisory Board. The Management Board is accountable for this to the Supervisory Board and to the General Meeting.
- 2.1.2 In the performance of its duties, the Management Board shall be guided by the interests of the Group, taking into consideration the interests of Kiadis' stakeholders.
- 2.1.3 The Management Board shall provide the Supervisory Board timely with all information necessary for the exercise of the duties of the Supervisory Board.
- 2.1.4 The Management Board shall submit to the Supervisory Board for approval:
- (a) the operational and financial objectives of Kiadis;
 - (b) the strategy designed to achieve the objectives;
 - (c) the parameters to be applied in relation to the strategy, for example in respect of the financial ratios; and
 - (d) corporate social responsibility issues that are relevant to the Group.
- 2.1.5 The Management Board shall be responsible for ensuring that Kiadis has internal risk management and control systems that are suitable for Kiadis. The Management Board shall in any event implement as instruments of the internal risk management and control systems:
- (a) risk analyses of the operational and financial objectives of Kiadis;
 - (b) a code of conduct, which should, in any event, be published on Kiadis' website;
 - (c) guides for the layout of the financial reports and the procedures to be followed in drawing up the reports; and
 - (d) a system of monitoring and reporting.
- 2.1.6 The Management Board is responsible for complying with all relevant legislation and regulations, for managing the risks associated with Kiadis' activities and for financing Kiadis. The Management Board shall report related developments to and shall discuss the internal risk management and control systems with the Supervisory Board.

2.2 **Divisions of duties**

Pursuant to article 14.3 of the Articles, the Management Board may adopt an internal allocation of duties for each member of the Management Board

individually. The establishment of the allocation of duties shall require the approval of the Supervisory Board. The current allocation of duties among the members of the Management Board is set out in **Annex 1**.

2.3 Composition and term

2.3.1 Pursuant to article 13.1 of the Articles, the Management Board consists of one or more members. The number of members of the Management Board shall be determined by the Supervisory Board.

2.3.2 The members of the Management Board shall be appointed for an initial term of not more than four (4) years. A member of the Management Board may be reappointed for a term of not more than four (4) years at a time. There is no limit to the number of times a member of the Management Board may be reappointed.

2.4 Appointment, suspension and dismissal

2.4.1 The members of the Management Board shall be appointed by the General Meeting in the manner as described in article 13.2 of the Articles. The Supervisory Board may draw up a non-binding nomination of one or more nominees for each vacancy to be filled for the appointment of a person as member of the Management Board.

2.4.2 A member of the Management Board can be suspended or dismissed in the manner as described in articles 13.4, 13.5 and 13.6 of the Articles.

3. CONFLICT OF INTEREST

3.1 The members of the Management Board, while serving as such, shall not: (i) enter into competition with any company within the Group, (ii) demand or accept (substantial) gifts from Kiadis for him/herself or for his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree as defined under Dutch law, (iii) provide unjustified advantages to third parties to the detriment of Kiadis, and/or (iv) take advantage of business opportunities to which Kiadis is entitled for him/herself or his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree as defined under Dutch law.

3.2 A member of the Management Board shall immediately report any conflict of interest or potential conflict of interest that is of material significance to Kiadis and/or to him/her, to the chairman of the Supervisory Board and to the other members of the Management Board and shall provide all relevant information, including information concerning his/her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree as defined under Dutch law.

- 3.3 The Supervisory Board shall decide, without the member of the Management Board concerned being present, whether there is a conflict of interest.
- 3.4 A (potential) conflict of interest exists, in any event, if Kiadis intends to enter into a transaction with an legal entity: (i) in which a member of the Management Board personally has a material financial interest, (ii) which has a management board member who is related under Dutch family law to a member of the Management Board, or (iii) in which a member of the Management Board has a management or supervisory position.
- 3.5 A member of the Management Board may not participate in deliberating or decision-making within the Management Board, if with respect to the matter concerned he/she has a conflict of interest with Kiadis. If, as a result hereof, the Management Board cannot take a decision, the Supervisory Board will resolve the matter.
- 3.6 All transactions in which there is a conflict of interest with one or more members of the Management Board shall be agreed on terms that are customary in the sector concerned and disclosed in Kiadis' annual report. Decisions to enter into transactions in which there is a conflict of interest with one or more members of the Management Board require the approval of the Supervisory Board.

4. REMUNERATION

- 4.1 Kiadis has a policy governing the remuneration of the Management Board, which policy was adopted by the General Meeting on 30 June 2015. The remuneration of each member of the Management Board will be determined by the Supervisory Board in accordance with such remuneration policy.
- 4.2 The Supervisory Board shall submit a proposal to the General Meeting for approval with respect to any arrangements with members of the Management Board in the form of shares and/or options. The proposal must include the number of shares and/or options that may be granted to the members of the Management Board and which criteria apply to a grant or modification.

5. MEETINGS

- 5.1 The Management Board shall conduct meetings whenever deemed desirable by the Chairman, in principle one meeting every week or more or less often as deemed necessary, provided that the Management Board shall hold at least one regularly scheduled meeting per month. Meetings of the Management Board generally shall be held in Amsterdam.
- 5.2 The Chairman shall chair all meetings of the Management Board. If the Chairman is absent or otherwise unable to chair a meeting, he/she may designate a temporary chairman. If the Chairman is unable to act due to a conflict or because he/she is incapacitated, the member of the Management Board who has the longest tenure with the Management Board shall temporarily serve as

Chairman and, in such case, all references to Chairman in these Rules shall be construed to include such temporary chairman. To the extent members of the Management Board have equal tenure, the eldest member of the Management Board shall serve as Chairman.

- 5.3 Notice of the meeting of the Management Board shall be given by the Chairman and shall set out an agenda identifying in reasonable detail the matters to be discussed at the meeting. Copies of any relevant papers to be discussed at such meeting will be provided to the members of the Management Board in advance of the meeting.
- 5.4 A member of the Management Board may be represented at a meeting of the Management Board by another member of the Management Board holding a proxy in writing.
- 5.5 Minutes of the matters dealt with at a meeting of the Management Board shall be sufficient evidence thereof in writing. The minutes of the meeting of the Management Board must be approved by the Chairman.
- 5.6 Resolutions of the Management Board may, instead of at a meeting, be passed in writing - which shall include an electronic message, a facsimile and a message transmitted by any other accepted means of communication and received or capable of being produced in writing - provided that all members of the Management Board are familiar with the resolution to be passed and none of them objects to this decision-making process.

6. RELATIONS WITH THE SUPERVISORY BOARD

- 6.1 The Supervisory Board shall meet jointly with the Management Board as often as the Supervisory Board or the Management Board requests. In any event, the Management Board shall inform the Supervisory Board at least once each year in writing of the general outline of the strategy, the general and financial risks, and the management and control system of Kiadis.
- 6.2 Pursuant to article 14.6 of the Articles, the approval of the Supervisory Board shall be required for the resolutions of the Management Board relating to:
 - (a) issue and acquisition of shares of Kiadis and debt instruments issued by Kiadis or of debt instruments issued by a limited partnership or general partnership of which Kiadis is a fully liable partner;
 - (b) application or the withdrawal for quotation of the securities referred to under (a) in the listing of any stock exchange;
 - (c) entering into or terminating a permanent cooperation of Kiadis or a dependent company with another legal entity or company or as fully liable partner in a limited partnership or general partnership, if such cooperation or termination is of major significance to Kiadis;

- (d) participation for a value of at least one-fourth of the amount of the issued capital with the reserves according to the most recent adopted balance sheet (whether consolidated or not) with explanatory notes of Kiadis by Kiadis or by a dependent company in the capital of another company, as well as a significant increase or reduction of such a participation;
- (e) investments involving an amount equal to at least the sum of one-fourth of Kiadis' issued capital plus the reserves of Kiadis as shown in its most recent balance sheet (whether consolidated or not);
- (f) a proposal to amend the articles of association;
- (g) a proposal to dissolve (*ontbinden*) Kiadis;
- (h) a proposal to conclude a legal merger (*juridische fusie*) or a demerger (*splitsing*);
- (i) application for bankruptcy and for suspension of payments (*surséance van betaling*);
- (j) termination of the employment of a considerable number of employees of Kiadis or of a dependent company at the same time or within a short period of time;
- (k) far-reaching changes in the employment conditions of a significant number of employees of Kiadis or of a dependent company;
- (l) a proposal to reduce the issued share capital.

7. RELATIONS WITH THE GENERAL MEETING

- 7.1 The Management Board, together with the Supervisory Board, shall provide the General Meeting with all: (i) information that it requires for the exercise of its powers, and (ii) requested information, unless this would be contrary to an overriding interest of Kiadis and its business. If the Management Board and the Supervisory Board invoke an overriding interest, they must state its reasons.
- 7.2 The Management Board, together with the Supervisory Board, shall procure that each substantial change in the corporate governance structure of the Group and in the compliance of Kiadis with the Corporate Governance Code is submitted to the General Meeting for discussion under a separate agenda item.
- 7.3 If a serious private bid is made for (a part of) the business of Kiadis or a participating interest and the value of the bid exceeds one-third of the amount of the assets according to Kiadis' last adopted consolidated balance sheet with explanatory notes, and such bid is made public, the Management Board shall, at its earliest convenience, make public its position on the bid and the reasons for this position.

- 7.4 Decisions of the Management Board involving a major change in Kiadis' identity or character will be subject to the approval of the General Meeting, including:
- (a) the transfer of the enterprise or practically the whole enterprise to third parties;
 - (b) entering into or terminating longstanding joint ventures of Kiadis or a subsidiary with another legal entity or company or as a fully liable partner in a limited partnership or a general partnership if this joint venture or termination of such a joint venture is of major significance to Kiadis; and/or
 - (c) the acquisition or disposal of a participation in the capital of a company worth at least one-third of the amount of the assets according to the balance sheet with explanatory notes thereto, or if Kiadis prepares a consolidated balance sheet, according to such consolidated balance sheet with explanatory notes according to the last adopted annual accounts of Kiadis, by Kiadis or a subsidiary.

8. FINANCIAL REPORTING AND EXTERNAL AUDITORS

- 8.1 The Management Board is responsible for the quality and completeness of publicly disclosed financial reports. The Supervisory Board shall see to it that the Management Board fulfils this responsibility properly.
- 8.2 The Management Board is responsible for the preparation and publication of the annual report, the annual accounts, the half-yearly figures and ad hoc financial information, which require careful (internal) procedures. The Supervisory Board shall supervise compliance with such procedures.
- 8.3 The Management Board shall advise the Supervisory Board in relation to the proposal of the appointment of the external auditor to be submitted to the General Meeting for appointment.
- 8.4 Upon advice of the Management Board, the Supervisory Board shall determine how the external auditor should be involved in the content and publication of financial reports other than the annual accounts.
- 8.5 The Management Board is responsible for establishing and maintaining internal procedures which will ensure that all major financial information is known to the Management Board, such that the timeliness, completeness and correctness of the external financial reporting are assured. For this purpose, the Management Board shall ensure that the financial information from business divisions and/or companies of the Group is reported directly to it and that the integrity of the information is not compromised. The Supervisory Board shall see to it that such internal procedures are established and maintained.

9. **EXTERNAL POSITIONS**

9.1 A member of the Management Board may not be a member of the supervisory board of more than two (2) listed companies nor may a member of the Management Board be the chairman of the supervisory board of a listed company. Membership of the supervisory board of a company within the Group (other than Kiadis) does not count for this purpose.

9.2 The acceptance by a member of the Management Board of the membership of the supervisory board of a listed company requires the prior approval of the Supervisory Board. Other important positions held by a member of the Management Board shall be notified to the Supervisory Board in writing.

10. **WHISTLEBLOWER PROCEDURE**

The Management Board shall establish procedures for the receipt, recording and handling of reports received by the official designated by the Management Board in respect of alleged irregularities concerning the functioning of members of the Management Board, which shall be included in Kiadis' whistleblower procedure.

11. **WEBSITE**

The Management Board shall ensure that Kiadis shall place and update all information which it is required to publish or deposit pursuant to the provisions of company law and securities law applicable to it, on a separate part of Kiadis' website (i.e. separate from the commercial information of Kiadis) that is recognisable as such.

12. **CONFIDENTIALITY**Error! Bookmark not defined.

The members of the Management Board shall treat all information they receive in their position as a member of the Management Board in the strictest of confidence and not make public or in any other way provide such information to third parties, unless Kiadis has already published the information or it is determined that the public is aware of this information.

13. **AMENDMENT**

Pursuant to article 14.2 of the Articles, these Rules may be amended by the Management Board upon prior approval of the Supervisory Board.

14. **GOVERNING LAW**

These Rules shall be governed by and construed in accordance with the laws of the Netherlands.

ANNEX I

Division of Duties in Management Board

The conduct of the business of Kiadis and the Group is allocated to both the Chairman and the Chief Financial Officer (CFO) of Kiadis and the Group.

The Chairman shall, however, specifically be responsible for strategy, operations, investor relations (IR), public relations (PR) and legal.

The CFO shall, however, specifically be responsible for finance matters, information technology (IT) and human resources (HR).